

Message Text

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DRAFTED BY: PPC/IA/DDFC:JSHERRY

APPROVED BY: PPC/IA/DDFC:NWMOSHER

PPC/IA/AAA:KKAUFFMAN (INFO)

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THE FOLLOWING REPEAT OECD PARIS 06227 ACTION SECSTATE

INFO GENEVA USUN NE 02 MAR 77

QUOTE LIMITED OFFICIAL USE OECD PARIS 06227

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PASS STATE/IO

E.O. 11652: N/A

SUBJECT: DAC WP/AR MEETING, FEBRUARY 24-25, 1977 -
PREPARATIONS FOR UNCTAD/TDB MEETING WITH LEAST-DEVELOPED
COUNTRIES (LLDC'S)

REFS: (A) STATE 05583; (B) DAC/BA(77)1; (C) DAC/BA(77)2;
(D) DAC/BA(77)3; (E) UNCTAD TD/B/AC.21/2 PRELIM. AND
ASSOCIATED DOCUMENTS

1. SUMMARY: THIS MESSAGE REPORTS ON THIRD AGENDA ITEM
OF THIS DAC WP/AR MEETING CONCERNING GROUP B PREPARATIONS
FOR UNCTAD/TDB MEETING OF MULTILATERAL AND BILATERAL
FINANCIAL AND TECHNICAL ASSISTANCE INSTITUTIONS WITH
REPRESENTATIVES OF LEAST-DEVELOPED COUNTRIES (LLDC'S)
IN GENEVA, MARCH 14-22, 1977. ANOTHER MESSAGE FOLLOWS
REPORTING ON REST OF MEETING. DAC DOCUMENTS AND DRAFTS
OF UNCTAD/TDB ISSUES PAPER AND RELATED DOCUMENTS PRO-
VIDED VERY USEFUL BASIS FOR DISCUSSION. MANY PARTICI-
PANTS IN THIS MEETING WILL ATTEND TDB, AND THEY
UNIFORMLY AGREED THIS WP SESSION MOST USEFUL FOR
GROUP B PREPARATION. SPEAKERS AGREED THAT EVERY REASON-
ABLE EFFORT SHOULD BE MADE TO KEEP TDB MEETING TECHNICAL
AND PROFESSIONAL RATHER THAN POLITICAL. WILL TRY TO
AVOID DISCUSSING LLDC DEBT ISSUE. SUBJECT OF ABSORPTIVE
CAPACITY OF LLDC'S CAUSED SPIRITED DEBATE (SEE PARAS
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6-9 BELOW). AID VOLUME WILL ALSO BE IMPORTANT TOPIC
AT GENEVA (PARA 11). GROUP B CAN BE FORTHCOMING IN
TECHNICAL COOPERATION (PARA 10), LOCAL COST FINANCING
(PARA 12), NATURAL RESOURCES (PARA 14), AND AID COOR-
DINATION (PARA 17). UNCTAD DRAFT PAPERS FOR MEETING
STRONG ON WHAT DONORS SHOULD CONSIDER OR DO TO INCREASE
FLOW AND EFFICIENCY OF AID TO LLDC'S, BUT MAKE LITTLE
MENTION OF LLDC RESPONSIBILITIES. SECRETARIAT WILL
PREPARE NOTE FOR GROUP B LISTING ITEMS LLDC'S SHOULD
CONSIDER OR UNDERTAKE. END SUMMARY.

2. FUHRER OF SECRETARIAT CHAIRED THIS WP/AR MEETING.
PREPARATORY DISCUSSIONS AMONG DAC MEMBERS FOR MARCH
14-22 MEETING IN GENEVA OF AID INSTITUTIONS WITH LLDC'S
LASTED ONE WHOLE DAY. IT WAS ACTIVE AND FRUITFUL. MANY
PARTICIPANTS, E.G., BRIDGER OF U.K., SPROM AND CRONER
OF SWEDEN, ANDERSEN OF DENMARK, AND KAISER AND BUCH OF
GERMANY, WILL REPRESENT THEIR COUNTRIES AT GENEVA
MEETING, AND THEY THUS FOUND THIS SESSION MOST USEFUL.
U.S. REPRESENTED BY SMALLEY, MALLEY AND DULAVEY OF
USOECD. SECRETARIAT DOCUMENTS DAC/BA(77)1, DAC/BA(77)2,
AND DAC/BA(77)3 HELPFUL TO DISCUSSION. ALSO DRAFTS OF
UNCTAD/TDB DOCUMENTS RECEIVED DURING THE MEETING WERE
MOST USEFUL; THESE ARE AGENDA FOR GENEVA TD/B/AC.21/1;

ISSUES PAPER TD/B/AC.21/2; CASE STUDIES TD/B/AC.21/4;
AID COORDINATION TD/B/AC.21/5; AND CLUB DU SAHEL DIS-
CUSSION TD/B/AC.21/6. COPIES POUCHED TO SALES, PPC/IA.

3. SECRETARIAT (LIVINGSTON) OPENED DISCUSSION BY RE-
PORTING ON PREPARATIONS FOR GENEVA MEETING. SAID LLDC'S
REPRESENTATION STILL UNCERTAIN, BUT APPARENTLY MINISTER
OF PLANNING COMING FROM BANGLADESH AND PRIMARILY SENIOR
TECHNICAL-LEVEL OFFICIALS FROM OTHER LLDC'S. UNCTAD
STAFF (STONE) HOPES TO KEEP MEETING TECHNICAL AND PRO-
FESSIONAL, AVOIDING POLITICS AND POLEMICS; PARTLY FOR
THIS REASON HE HAS DELIBERATELY EXCLUDED LLDC
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DEBT FROM ISSUES PAPER. U.S. SPOKESMAN AND OTHERS
AGREED IT BEST IF MEETING CAN BE KEPT ON TECHNICAL/
PROFESSIONAL LEVEL ALTHOUGH PARTICIPATION OF SOCIALIST
GROUP AND OPEC MAY RESULT IN SOME BLOC ACTIONS AND
POLEMICS. SEVERAL SPEAKERS FELT DEBT PROBABLY WILL BE
RAISED BY LLDC'S EVEN THOUGH NOT IN UNCTAD ISSUES PAPER;
GROUP B POSITION IN THIS EVENT SHOULD BE THAT THIS
MATTER UNDER CONSIDERATION IN OTHER FORA, E.Q., CIEC.
THERE WAS GENERAL CONSENSUS THAT SESSIONS LIKELY TO
GIVE MOST PROBLEMS ARE THOSE IN WHICH FINAL RESOLUTIONS
DRAFTED. GERMAN REP SAID GROUP B MAY BE OFFERED
CHAIRMANSHIP OF MEETING BY LLDC'S, AND SAID DAC MEMBERS
SHOULD CONSIDER WHO THEY SHOULD PUT FORWARD IN THIS
EVENT. BUT THERE WAS NO EXTENDED DISCUSSION OF THIS;
ASSUME WASHINGTON AND U.S. MISSION GENEVA CONSIDERING
THIS MATTER.

4. HIGHLIGHTS OF DISCUSSION ON THE THREE SECRETARIAT
PAPERS FOLLOW. RE DAC/BA(77)1, MEMBERS FOUND THIS A
USEFUL, INFORMATIVE PAPER. CONSENSUS WAS A SOMEWHAT
SHORTER, MORE FACTUAL VERSION TAKING INTO ACCOUNT COM-
MENTS AT THIS MEETING SHOULD BE TABLED BY GROUP B IN
GENEVA. SEVERAL DELEGATIONS REQUESTED MODIFICATIONS TO
REFERENCES TO THEIR PROGRAMS, WHICH WILL BE MADE. AT
U.S. SUGGESTION, MULTILATERAL AID DISCUSSION IN PARA 6
WILL BE EXPANDED TO HIGHLIGHT SUBSTANTIAL FLOW OF
ASSISTANCE FROM GROUP B FLOWING THROUGH MULTILATERAL
CHANNELS. DUTCH AND NORDICS OPPOSED OUR SUGGESTION OF
INCLUDING DATA ON NON-DAC (COMMUNIST AND OPEC) AID FLOWS
IN PAPER, AND WE SUBSEQUENTLY DROPPED THE POINT. NOTE
THAT UNCTAD DOCUMENTS ALSO DON'T DISTINGUISH BETWEEN AID
SOURCES FOR MOST PART. SWEDEN AND U.K. REQUESTED MORE
EMPHASIS BE GIVEN TO DEBT RELIEF IN PAPER; SWEDEN CON-
SIDERED DEBT RELIEF LEGITIMATE ODA TRANSFER MECHANISM
AND U.K. REP (NOT UP-TO-DATE ON THIS TOPIC AND SPEAKING
WITHOUT INSTRUCTIONS OR BRIEFING WE SUBSEQUENTLY LEARNED)
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CONSIDERED THIS AN AREA IN WHICH DONORS COULD WELL SHOW MOVEMENT INASMUCH AS THERE IS VERY LITTLE ODA DEBT OUTSTANDING TO LLDC'S. FRANCE AND OTHERS, HOWEVER, STRONGLY REQUESTED DOWN-PLAY AND DELETION OF SECTION ON DEBT, CALLING IT AN INVITATION FOR LLDC'S TO STRESS THE ISSUE. THIS VIEW PREVAILED AND DEBT RELIEF WILL BE DELETED FROM SECRETARIAT DOCUMENT. ALSO, LAST SECTION HIGHLIGHTING SELECTED MEMBERS' PROGRAMS WILL BE DELETED AT REQUEST OF SEVERAL SMALL COUNTRIES. REVISED VERSION OF DAC/BA(77)1 WILL BE AVAILABLE BY MARCH 4 AND FINAL VERSION MARCH 9; WE WILL POUCH COPIES TO WASHINGTON AND GENEVA.

5. DAC/BA(77)2 CONSIDERED A GOOD BACKGROUND PIECE. IT DID NOT TRIGGER SUBSTANTIVE COMMENTS EXCEPT FOR DUTCH SUGGESTION, SUPPORTED BY FINLAND, THAT DAC FORWARD TO UNCTAD RECOMMENDATIONS COMING OUT OF RECENT DAC EXPERTS MEETING ON HEALTH; THIS WILL BE FURTHER CONSIDERED.

6. DAC/BA(77)3 ISSUES PAPER PLUS UNCTAD ISSUES DRAFT TD/B/AC.21/2 PRELIM. DISCUSSED AT LENGTH. RE ISSUES THEMSELVES, ABSORPTIVE CAPACITY OF LLDC'S THE MOST CONTROVERSIAL, AND SPARKED SPIRITED DEBATE. NORDICS, LED BY SWEDEN PLUS NETHERLANDS, CONSIDERED LACK OF ABSORPTIVE CAPACITY AN EXCUSE BY MANY DONORS FOR NOT GIVING MORE AID. SWEDISH SPOKESMAN CITED VARIOUS TECHNIQUES USED BY NORDICS TO INCREASE CAPACITY OF TANZANIA INCLUDING (A) FIRM TECHNICAL COOPERATION AGREEMENTS COVERING LONG PERIODS TO ASSIST LONG-TERM PLANNING AND PROGRAMMING, (B) PROVISION OF QUICK-DISBURSING 100 PERCENT GRANTS (IN 3-4 INSTALLMENTS PER YEAR) PLUS WRITE-OFF FOR PAST DEBT SERVICING, (C) NO RESTRICTIONS ON FINANCING LOCAL/RECURRENT COSTS, AND (D) SIGNIFICANT FAST-FLOWING BALANCE OF PAYMENT SUPPORT ON PARTIALLY UNTIED BASIS. ALSO, FOR CAPE VERDE, SWEDEN SAID IT CONSIDERING GIVING CASH GRANTS WITHOUT CONDITIONS TO BE

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USED TO SUPPORT ANY DEVELOPMENT PROJECTS DECIDED UPON BY CAPE VERDE GOVERNMENT. DUTCH AND SWEDES URGED OTHERS TO PROVIDE MORE GENERAL IMPORTS SUPPORT TO ALL LDC'S AS WAY TO INCREASE FLOW OF AID SUBSTANTIALLY AND QUICKLY.

7. U.S. REACTED TO ABOVE BY THANKING OTHER SPOKESMEN FOR THEIR USEFUL IDEAS, BUT STRESSING DIFFERENCE BETWEEN FINANCING FOR SOUND, WELL-THOUGHT-OUT DEVELOPMENT PROJECTS AND PROGRAMS AND MERE SHORT-TERM FINANCING

WITHOUT CONDITIONS. OF COURSE THERE IS LITTLE ABSORPTIVE CAPACITY PROBLEM IF DONORS JUST WANT TO FINANCE LDC IMPORT BILLS. BUT OFTEN THAT DOES NOT RESULT IN ECONOMIC OR SOCIAL DEVELOPMENT BECAUSE LONG-TERM STRUCTURAL CHANGES ARE NOT PROMOTED. PROJECTS AND PROGRAMS READY FOR REAL DEVELOPMENT FINANCING, IN OUR EYES, ARE THOSE THAT WILL RESULT IN LONG-TERM BENEFICIAL CHANGES CONTRIBUTING TO THE RECIPIENT'S FUTURE ABILITY TO SUPPORT ITSELF. THE PROJECTS AND PROGRAMS SELECTED FOR DEVELOPMENT FINANCING MUST MAKE ECONOMIC, FINANCIAL, MANAGEMENT AND TECHNICAL SENSE. UNFORTUNATELY IN MOST LLDC'S IT IS DIFFICULT TO FIND SUCH PROJECTS AND PROGRAMS; BECAUSE OF THIS ALL DONORS, U.S. INCLUDED, MUST DEVOTE MORE TA, MANPOWER AND RESOURCES, CREATIVITY AND IMAGINATION TO ASSIST RECIPIENTS TO PREPARE ACTIVITIES READY FOR DEVELOPMENT FINANCING. PROGRAM FINANCING, TOO, USUALLY SHOULD HAVE CONDITIONS, E.G., POSSIBLY CONCERNING MONETARY AND FISCAL POLICIES, INVESTMENT CLIMATE, PROMOTION OF DOMESTIC SAVINGS, ETC.; IT IS WRONG FOR SWEDES AND OTHERS TO SUGGEST THAT PROGRAM FINANCING FOR DEVELOPMENT PURPOSES IS EASY BECAUSE IT INVOLVES NO CONDITIONS. IMF REP STRONGLY CONCURRED. WE ALSO NOTED THAT OUR AID PROGRAM IS MUCH LARGER IN VOLUME, AND MORE GEOGRAPHICALLY DISPERSED, THAN SWEDEN, NORWAY, AND MANY OTHERS. THUS, WE MORE OFTEN ENCOUNTER MORE ABSORPTIVE CAPACITY PROBLEMS THAN THEY DO FOR THESE REASONS.

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8. U.K. AND GERMANS STRONGLY SUPPORTED OUR POSITION. U.K. REP STRESSED WEAKNESS OF MOST LLDC ADMINISTRATIONS. ALSO NOTED THAT PAST EXCESSIVE, POORLY-THOUGHT-OUT U.K. GENERAL IMPORTS FINANCING FOR SOME EX-UK DEPENDENCIES NOW MAKES THEM EXCESSIVELY DEPENDENT ON U.K. FUNDS TO FINANCE CURRENT IMPORTS. THIS CREATES POLITICAL PROBLEMS, EVEN THOUGH LITTLE LONG-RUN DEVELOPMENT TAKING PLACES AS RESULT OF THIS FINANCING. WE NOTED THAT NEW DONORS CONCENTRATION IN SOCIAL DEVELOPMENT ACTIVITIES RATHER THAN MORE TRADITIONAL INFRASTRUCTURE, AND ON LLDC'S RATHER THAN MORE ADVANCED LDC'S, MAKES MOVING DEVELOPMENT MONEY WISELY AND QUICKLY MORE DIFFICULT; SOLUTION TO THIS IS BOTH DONORS AND RECIPIENTS MUST WORK HARDER TO CREATE BENEFICIAL ACTIVITIES, BOTH PROJECTS AND PROGRAMS. U.K., CANADA AND OTHERS SAID THAT INCIDENTS OF MISUSE OF LONG-TERM DEVELOPMENT FUNDS, E.G., EXCESSIVE SHORT-TERM BALANCE OF PAYMENTS SUPPORT, COULD HELP UNDERMINE PUBLIC SUPPORT FOR DEVELOPMENT APPROPRIATIONS. ALL SPOKESMEN AGREED ON NEED FOR MORE ASSISTANCE TO LLDC'S FOR PROJECT AND PROGRAM PREPARATION, ALTHOUGH CANADA NOTED MORE TA NOT ALWAYS A PANACEA. U.S. AND U.K. OUTLINED SECTOR AID APPROACH

WHICH OFTEN OFFERS INTERESTING, FLEXIBLE FINANCING OPPORTUNITIES MIDWAY BETWEEN PROJECT AND GENERAL IMPORTS FINANCING.

9. NEAR END OF THIS LENGTHY DISCUSSION OF ABSORPTIVE CAPACITY, WHICH WAS CONDUCTED IN REASONABLE, PROFESSIONAL MANNER, WE SUGGESTED SECRETARIAT PREPARE MORE THOROUGH, THOUGHTFUL PAPER ON THIS TOPIC FOR FUTURE CONSIDERATION. OTHERS DELS, INCLUDING DUTCH AND SWEDES, SUPPORTED THIS SUGGESTION. THIS WILL, OF COURSE, BE TOO LATE TO HELP AT GENEVA UNCTAD MEETING, BUT WILL BE USEFUL IN OTHER CONTEXTS.

10. RE TECHNICAL COOPERATION ISSUE, CONSENSUS WAS THAT LIMITED OFFICIAL USE
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GROUP B CAN IN GENERAL BE QUITE POSITIVE IN GENEVA. MEMBERS AGREED THAT LLDC'S PARTICULARLY NEED ADDITIONAL FINANCING FOR TRAINING OF MIDDLE-MANAGEMENT PERSONNEL. ACADEMIC TRAINING SHOULD BE CONCENTRATED ON SKILLS NEEDED IN DEVELOPMENT PROCESS. IMPORTANT ROLE OF UNDP IN COORDINATING TA IN SOME LLDC'S STRESSED BY SEVERAL SPOKESMEN.

11. RE AID VOLUME, SECRETARIAT SAID IN VIEW OF MANY LLDC'S THIS COULD BE MOST IMPORTANT TOPIC AT GENEVA MEETING. MOST DAC COUNTRIES AGREE THAT AID VOLUME TO LLDC'S SHOULD BE INCREASED. JAPAN PLANS TO FUNNEL MORE THROUGH IFI'S. SWEDEN INDICATED THAT 90 PERCENT OF ITS AID NOW GOING TO COUNTRIES BELOW \$200 PER CAPITA GNP AND ON GRANT BASIS. HOWEVER, NO MEMBER SUPPORTED UNCTAD PROPOSAL FOR DONORS TO INCREASE AID TO \$14 PER CAPITA FOR LLDC'S. U.K. AND EC DESCRIBED THEIR MULTI-YEAR PROGRAMMING APPROACH WHICH INVOLVES FIRM OVERALL FINANCING COMMITMENTS FOR WHICH INDIVIDUAL PROJECTS ARE LATER SELECTED AND FINANCED. BUT MANY OTHER DONORS, INCLUDING U.S. AND FRANCE, UNABLE TO COMMIT FUNDS ON THAT BASIS, ALTHOUGH CONSTANT DIALOGUE BY OUR PEOPLE WITH LDC EXPERTS GIVES SOME REASONABLE ASSURANCE OF FUTURE SUPPORT FOR PROJECTS AND PROGRAMS BEING DISCUSSED EVEN THOUGH THEY ARE OF COURSE SUBJECT TO FUTURE REVIEW BY TOP MANAGEMENT AND AVAILABILITY OF APPROPRIATIONS.

12. LOCAL/RECURRENT COST FINANCING -- DISCUSSION INDICATED THAT DAC MEMBERS IN GENERAL HAVE FLEXIBLE POLICIES FOR FINANCING LOCAL AND RECURRENT COSTS, AND THUS CAN BE BUOYANT ON THIS TOPIC AT GENEVA. MOST APPROACH EACH CASE ON ITS MERITS. U.S. SUPPORTED BY GERMANY POINTED OUT DANGER OF 100 PERCENT FINANCING OF RECURRENT COSTS WITHOUT LIMITED TIME FRAME. IF RECIPIENT UNABLE IN LONG RUN TO MEET COSTS OF OPERATING A PROJECT ONCE IT

IS SUCCESSFULLY COMPLETED, PERHAPS THE PROJECT SHOULD
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NOT HAVE BEEN UNDERTAKEN. BUT WE DO SOMETIMES FINANCE
RECURRENT COSTS FOR LIMITED PERIOD OF TIME, E.G., IN
SAHEL. SECRETARIAT WILL TAKE THIS DISCUSSION INTO
ACCOUNT IN WRITING ITS MATERIAL FOR FUTURE DAC MEETING
ON THIS SUBJECT.

13. AID MANAGEMENT -- U.S. AND EC SAID SPECIAL OR
LOOSER CONTROLS BY THEM FAVORING LLDC'S OVER OTHER LDC'S
ARE IMPOSSIBLE DUE BOTH TO GOOD MANAGEMENT PRACTICES
PLUS CERTAIN LEGAL CONSTRAINTS. PROJECTS AND PROGRAMS
FINANCED IN LLDC'S MUST MEET SOUND STANDARDS THE SAME
AS IN ANY LDC. HOWEVER, WE MAY OF COURSE FAVOR LLDC'S
BY DEVOTING MORE AND HIGHEST QUALITY MANPOWER AND
RESOURCES TO PREPARING ACTIVITIES IN SUCH COUNTRIES.
MOST SPOKESMEN SHARED U.S. AND EC ATTITUDES. HOWEVER,
SOME PARTICIPANTS SAID THEY HAVE SIMPLER PROCEDURES FOR
DEALING WITH LLDC'S, BUT GAVE NO SPECIFICS AND TIME DID
NOT PERMIT FOLLOW-UP.

14. RE MENTION OF NATURAL RESOURCES IN SECRETARIAT
PAPER, LIMITED DISCUSSION INDICATED ASSISTANCE IN THIS
AREA IMPORTANT IN SOME DONOR PROGRAMS. U.K. SAID THERE
IS OFTEN TOO MUCH SURVEY, NOT ENOUGH ACTION. SECRETARIAT
DESCRIBED RECENT OECD MEETING AND CONCLUSIONS ON EXPLOR-
ATION TECHNIQUES IN TROPICAL COUNTRIES, WHICH COULD BE
USEFULLY PRESENTED AT GENEVA MEETING.

15. TRADE -- MEMBERS AGREE THAT OTHER BODIES BETTER
EQUIPPED THAN DAC TO FOCUS ON SPECIAL TRADE MEASURES FOR
LLDC'S. BUT DAC WILL HAVE DISCUSSION SOON OF DONOR
ASSISTANCE TO HELP LDC'S PROMOTE EXPORTS. NORWAY
DESCRIBED ITS DUTY-FREE SYSTEM IN FAVOR OF LLDC'S, BUT
ADMITTED IMPORTS MAY NOT INCREASE MUCH BECAUSE LLDC
PROBLEMS IN EXPORTING USUALLY STRUCTURAL. CANADA INDI-
CATED IT IS CONSIDERING ESTABLISHMENT OF LDC/CANADA
TRADE FACILITATION OFFICE.
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16. VULNERABILITY -- WE AND OTHERS QUESTIONED INCLUSION
OF THIS IN SECRETARIAT PAPER, I.E., WHETHER IT IS AN
ISSUE OF SAME GENDER AS OTHER ISSUES BEING DISCUSSED.
IT WAS QUICKLY PASSED OVER AFTER EVERYONE AGREED LLDC'S
INDEED ARE OFTEN MORE VULNERABLE TO INTERNATIONAL
ECONOMIC MISFORTUNES THAN OTHER COUNTRIES.

17. AID COORDINATION -- SEEMS TO BE AGREEMENT AMONG GROUP B THAT AID COORDINATION THROUGH CG'S, CONSORTIA, AND U.N. SYSTEM, WORKING REASONABLY WELL. U.S. SPOKESMAN NOTED FUNCTIONAL COORDINATION SUCH AS INTERNATIONAL FINANCING FOR AGRICULTURAL RESEARCH INSTITUTIONS ALSO IMPORTANT. SOME, SUCH AS SWEDISH AND NORWEGIANS, WANT TO STRENGTHEN UNDP COORDINATION ROLE IN FIELD, BUT ALL RECOGNIZE THERE ARE DIFFICULTIES WITHIN U.N. SYSTEM AND SITUATIONS IN RECIPIENT COUNTRIES CAN DIFFER MARKEDLY. IT IS FELT THAT CLUB DES AMIS APPROACH MAY BE APPLICABLE TO OTHER REGIONS IN FUTURE. SECRETARIAT UNDERSTANDS LLDC'S VIEW FAVORABLY DAC CHAIRMAN'S PAPER ON CLUB DES AMIS PREPARED FOR UNCTAD MEETING (TD/B/AC.W1/6), BUT ARE DUBIOUS ABOUT SOME OF JOHN WHITE'S SUGGESTIONS IN HIS PAPER (TD/B/AC.21/5). SOME SPOKESMEN SURPRISED THAT LLDC'S WOULD WANT TO DEVOTE MUCH TIME TO THIS TOPIC AT GENEVA, SINCE IT OFTEN IN THEIR INTEREST NOT TO BE TOO CLOSELY "COORDINATED" BY DONORS. BUT APPARENTLY IT WILL BE THOROUGHLY DISCUSSED.

18. FOLLOWING ABOVE DISCUSSION OF SECRETARIAT DOCUMENTS, WE ADDRESSED UNCTAD DRAFTS. WE SAID THESE DRAFTS LOOK GOOD AS FAR AS THEY GO, BUT UNFORTUNATELY ARE ALMOST COMPLETELY DEVOTED TO QUESTIONS AND SUGGESTIONS TO DONORS WITH LITTLE MENTION OF RESPONSIBILITIES OF LLDC'S. WE SAID THAT U.S. DELEGATION AT GENEVA WILL NOT ONLY CONSIDER WHAT U.S. AND OTHER DONORS CAN DO TO BETTER ASSIST LLDC'S, BUT WILL ALSO PAY SOME ATTENTION TO LLDC RESPONSIBILITIES TO CREATE OR ASSIST IN CREATING FINANCIABLE ACTIVITIES AND TAKING POSITIVE ACTIONS TO HELP SUBSTANTIAL, EFFICIENT, ORDERLY AID FLOWS FROM DONORS. WE GAVE SPECIFIC CASE EXAMPLES, E.G., DONOR FINANCING FOR IRRIGATION SYSTEM, SEEDS AND FERTILIZERS IN A RURAL DEVELOPMENT SCHEME COULD BE USELESS IF RECIPIENT GOVERNMENT NOT ABLE OR WILLING TO TAKE TOUGH POLITICAL DECISIONS REGARDING LAND REFORM OR ASSIGN ADEQUATE NUMBER OF TRAINED EXTENSION WORKERS TO AREA. SOME OTHER SPOKESMEN AGREED THAT UNCTAD DRAFTS STRONG ON WHAT DONORS MIGHT CONSIDER, BUT WEAK ON WHAT RECIPIENTS MIGHT UNDERTAKE. GERMAN REP SUGGESTED SECRETARIAT DRAFT A PAPER LISTING SPECIFIC ITEMS FOR LLDC'S TO CONSIDER TO MAKE AID MORE EFFECTIVE, AND THIS SHOULD BE TABLED BY GROUP B AT GENEVA. AFTER EXTENDED DISCUSSION, IT WAS AGREED THAT SECRETARIAT WILL INDEED DRAFT NOTE ALONG THESE LINES, BUT IT WILL NOT NECESSARILY BE TABLED. INSTEAD, GROUP B DELEGATIONS SHOULD CONSIDER JUST PRIOR TO OR DURING THE MEETING BEST USE TO MAKE OF NOTE. SECRETARIAT ALSO WILL HAVE ONE OR TWO OFFICIALS IN GENEVA TO ASSIST GROUP B.

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SIBILITIES TO CREATE OR ASSIST IN CREATING FINANCIABLE ACTIVITIES AND TAKING POSITIVE ACTIONS TO HELP SUBSTANTIAL, EFFICIENT, ORDERLY AID FLOWS FROM DONORS. WE GAVE SPECIFIC CASE EXAMPLES, E.G., DONOR FINANCING FOR IRRIGATION SYSTEM, SEEDS AND FERTILIZERS IN A RURAL DEVELOPMENT SCHEME COULD BE USELESS IF RECIPIENT GOVERNMENT NOT ABLE OR WILLING TO TAKE TOUGH POLITICAL DECISIONS REGARDING LAND REFORM OR ASSIGN ADEQUATE NUMBER OF TRAINED EXTENSION WORKERS TO AREA. SOME OTHER SPOKESMEN AGREED THAT UNCTAD DRAFTS STRONG ON WHAT DONORS MIGHT CONSIDER, BUT WEAK ON WHAT RECIPIENTS MIGHT UNDERTAKE. GERMAN REP SUGGESTED SECRETARIAT DRAFT A PAPER LISTING SPECIFIC ITEMS FOR LLDC'S TO CONSIDER TO MAKE AID MORE EFFECTIVE, AND THIS SHOULD BE TABLED BY GROUP B AT GENEVA. AFTER EXTENDED DISCUSSION, IT WAS AGREED THAT SECRETARIAT WILL INDEED DRAFT NOTE ALONG THESE LINES, BUT IT WILL NOT NECESSARILY BE TABLED. INSTEAD, GROUP B DELEGATIONS SHOULD CONSIDER JUST PRIOR TO OR DURING THE MEETING BEST USE TO MAKE OF NOTE. SECRETARIAT ALSO WILL HAVE ONE OR TWO OFFICIALS IN GENEVA TO ASSIST GROUP B.

19. DUTCH STRESSED, AND ALL AGREED, THAT GROUP B MUST MAKE EVERY REASONABLE EFFORT TO AVOID CONFRONTATIONS AT GENEVA. BUT WHILE AGREEING, WE NOTED THAT THIS SHOULD NOT MEAN THAT GROUP B COUNTRIES SHOULD NOT TALK FRANKLY IN A STRICTLY PROFESSIONAL MANNER ABOUT WHAT LLDC'S THEMSELVES CAN DO TO INCREASE AND MAKE AID FLOWS TO THEM MORE EFFICIENT. WE AND U.K. OBSERVED THAT LLDC DEVELOPMENT EXPERTS USUALLY WELCOME SUCH FRANK, WHOLE-SOME, USEFUL EXCHANGES.

20. WE ALSO NOTED THAT UNCTAD DOCUMENTS SPEAK FOR MOST PART OF DONORS AS A WHOLE, NOT DISTINGUISHING BETWEEN DAC, OPEC, AND SOCIALIST GROUPS. BUT TO EXTENT GROUPS ARE MENTIONED, IT IS DAC WHICH IS MENTIONED. WE WOULD HOPE THAT AT GENEVA IT WOULD REMAIN CLEAR THAT QUESTIONS LIMITED OFFICIAL USE
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AND SUGGESTIONS APPLY TO ALL DONORS, NOT JUST GROUP B COUNTRIES. SOCIALIST COUNTRIES, IN PARTICULAR, SEEM TO HAVE POOR RECORD VIS-A-VIS LLDC'S.

21. WE COULD MAKE ONE OF THREE USOECD OFFICERS PARTICIPATING IN THIS MEETING (SMALLEY, MALLEY OR DULAVEY) AVAILABLE TO JOIN AND ASSIST U.S. DELEGATION AT GENEVA UNCTAD CONFERENCE IF DEPARTMENT/AID AND U.S. MISSION GENEVA CONSIDER IT USEFUL. TURNER UNQUOTE VANCE

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Retention: 0
Review Action: RELEASED, APPROVED
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TAGS: EAID, XX, UNCTAD
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